

February 16, 2022

Canon Marketing Japan Inc.
TSE Code: 8060
Tokyo Stock Exchange (First Section)

Notice Regarding the Introduction of a Stock Compensation-type Stock Options Plan

Canon Marketing Japan Inc. (the “Company”) hereby announces that the Board of Directors meeting, held on February 16, 2022, passed a resolution on a plan for allotting stock acquisition rights as stock compensation-type stock options for Executive Officers who are Vice Presidents or higher (including persons serving concurrently as Directors; excluding Outside Directors) (hereinafter referred to collectively as “Eligible Officers”) as follows:

1. Purpose of Introducing Stock Compensation-type Stock Options

The Company will discontinue the current Performance-based Stock Compensation Plan (hereinafter referred to as the “Original Plan”) and newly introduce a Stock Compensation-type Stock Options Plan (hereinafter referred to as the “Plan”) for Eligible Officers.

The purpose of the Plan is to further motivate the Eligible Officers to improve business performance and enhance corporate value in the medium to long term by sharing both the benefits and risks of fluctuating stock prices with the shareholders. The number of stock acquisition rights to be granted will be calculated based on the Officer’s position and stock price levels at the time of the grant. Under the Plan, the exercise price per share that can be received upon exercise of a stock acquisition right shall be one yen. When allotting stock acquisition rights as stock options, Directors shall be paid the same amount of monetary compensation as the payment amount determined based on fair value, and the payment shall be carried out by offsetting the payment amount against said compensation receivables in lieu of delivery of monetary payment.

The introduction of the Plan shall be subject to the approval of a proposal concerning the revision of the compensation plan in connection, at the 54th Ordinary General Meeting of Shareholders of the Company, which is scheduled to be held on March 29, 2022.

2. Specific Details of Stock Acquisition Rights as Stock Compensation-type Stock Options

(1) Class and Number of Shares Subject to Stock Acquisition Rights

The class and number of shares subject to each stock acquisition right (hereinafter referred to as the “Number of Shares Granted”) shall be 100 shares of common stock of the Company. However, in the case where the Company carries out a share split (including gratis allotment of common stock of the Company; the same applies hereinafter with regard to references to the share split) or share consolidation of its common stock after the date of the resolution of this item (hereinafter referred to as the “Resolution Date”), the Number of Shares Granted shall be adjusted according to the formula as below. The resulting fractions of less than one share occurring upon such adjustment shall be rounded down.

$$\begin{array}{l} \text{Number of Shares Granted} \\ \text{after adjustment} \end{array} = \begin{array}{l} \text{Number of Shares Granted} \\ \text{before adjustment} \end{array} \times \begin{array}{l} \text{Ratio of share split} \\ \text{or share consolidation} \end{array}$$

Furthermore, in addition to the preceding, the Company may make appropriate adjustments to the Number of Shares Granted within a reasonable range in the case where the Company carries out a corporate merger, corporate division, or other similar action that makes it necessary to adjust the Number of Shares Granted. In the case where the Company revises the number of shares constituting one trading unit of its common stock (excluding cases in which the Company carries out a share split or share consolidation; the same applies hereinafter with regard to

references to the revision of the number of shares constituting one trading unit) after the Resolution Date, with regard to the stock acquisition rights whose issue is resolved by the Board of Directors after the effective date of the revision of the number of shares constituting one trading unit, the Company may make reasonable adjustments to the Number of Shares Granted according to the ratio of the revision of the number of shares constituting one trading unit, while also reasonably adjusting the total number of stock acquisition rights according to such an adjustment ratio.

(2) Total Number of Stock Acquisition Rights

The maximum limit on the total number of stock acquisition rights to be allotted to Directors within one year from the date of the General Meeting of Shareholders with respect to each fiscal year shall be 1,000.

(3) Payment Amount for Stock Acquisition Rights

The payment amount for each stock acquisition right shall be the amount determined by the Board of Directors based on the fair value of the stock acquisition right calculated by means of fair calculation formulas, such as the Black-Scholes Model, at the time of allotment of stock acquisition rights.

(4) Amount of Property to be Contributed upon Exercise of Stock Acquisition Rights

The payment amount per share that may be delivered by exercising each stock acquisition right shall be one yen, and the amount of property to be contributed upon the exercise of each stock acquisition right shall be the amount calculated by multiplying this amount by the Number of Shares Granted.

(5) Period during which Stock Acquisition Rights May be Exercised

The period during which stock acquisition rights may be exercised shall be a period within 30 years from the day following the allotment day of the stock acquisition rights.

(6) Restrictions on the Acquisition of Stock Acquisition Rights by Means of Transfer

Acquisitions of stock acquisition rights by means of transfer shall require the approval of the Board of Directors.

(7) Conditions for the Exercise of Stock Acquisition Rights

Persons in receipt of stock acquisition rights:

(a) may exercise their stock acquisition rights within the range of 0% to 100% according to the degree of achievement of “Management indicators set by the Company including consolidated profit before income taxes” in the business year that includes the allotment day; and

(b) in principle, (i) may exercise all the stock acquisition rights in their entirety within a period of 10 days from the day immediately following the day when they cease to be Eligible Officers (the next business day, if the tenth day is a holiday), and (ii) in the event that the Company recognizes any acts by the Eligible Officers that are in violation of laws and regulations or misconduct in the course of their duties, acts conflicting with the duty of due diligence or duty of loyalty, or any other act equivalent thereto, or if they are deemed to have resigned without good cause, the Company may limit the number of stock acquisition rights that may be exercised by the said holder of the stock acquisition right, subject to a resolution of the Board of Directors of the Company. In this case, the said holder of the stock acquisition rights may not exercise stock acquisition rights in a quantity exceeding such limit.

(8) Matters Regarding the Acquisition of Stock Acquisition Rights

In the event that a proposal for a merger agreement whereby the Company becomes a disappearing company, a proposal for a corporate division agreement or a corporate division plan whereby the Company becomes a split company, or a proposal for a share exchange agreement or a share transfer plan whereby the Company becomes a wholly-owned subsidiary, is approved by a General Meeting of Shareholders of the Company (or by resolution of the Board of Directors of the Company, if resolution by a General Meeting of Shareholders is not required), the Company may acquire the stock acquisition rights without consideration, on a date separately determined by the

Board of Directors.

(9) Other Matters

Other matters regarding stock acquisition rights shall be determined by resolution of the Board of Directors.